



KRUCIBLE METALS LTD

Mineral Discovery Company

ABN 12 118 788 846

ASX CODE: KRB

11 September 2014

ASX Limited
Exchange Centre
20 Bridge Street
Sydney NSW 2000

**KRUCIBLE RARE EARTH ACTIVITIES
CHENGDU CHINA**

Krucible has held discussions with one of the largest Chinese rare earths separation companies in regard to the Company's innovations in low cost technology developments, and with investment groups interested in entering the Australian rare earths market. This is on top of similar discussions initiated recently with equivalent companies in Europe. These presentations are not confidential at this stage but for strategic reasons are not able to be identified.

As announced on 5 September 2014, the Managing Director and CEO of Krucible Metals Limited ("Krucible", "Company"), Allan Branch, has also been invited to present to an extensive Chinese, Australian and international audience at the Rare Earths Conference 2014 in Chengdu, China. The audience included representatives from major Chinese processors and officials of key Chinese government bodies like the China Chamber of Commerce of Metals Minerals & Chemicals Importers & Exporters (CCCME).

Krucible's objective is to ensure it becomes a successful and profitable rare earths processor using its innovative business strategies and to ensure that past investments in exploration for rare earths are rewarded.

Please see the presentation attached to this announcement.

Sincerely,

Allan Branch
Managing Director and CEO

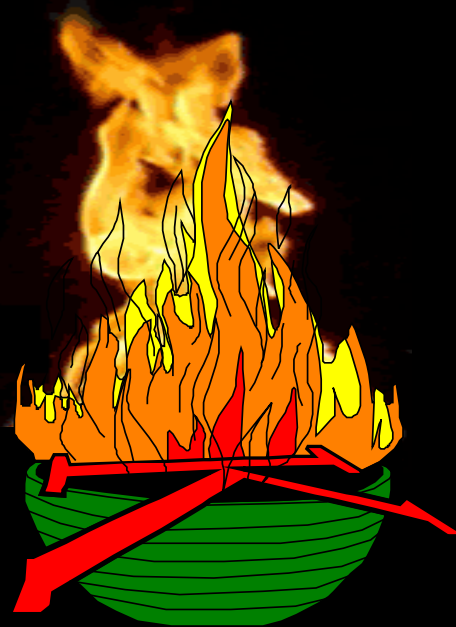


Rare Earths 2014

10-12 September, Shangri-La Hotel, Chengdu, China

Why China Can Never Control Rare Earth Metal Prices

Allan Branch
Managing Director and CEO
Krucible Metals Limited
1/68 Railway Avenue
Railway Estate
Townsville, 4810 Queensland
Australia
Tel: +61-(0)7-4772-5880
Fax: +61-(0)7-4772-4999
admin@kruciblemetals.com.au
www.kruciblemetals.com.au



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This presentation may refer to the intention of Krucible Metals Ltd but it does in no way intend to forecast forward looking statements or future matters for the purposes of the Corporations Act or any other law. Future events are subject to risks and uncertainties, and as such results, performance and achievements may in fact differ from those referred to in this presentation. No liability is accepted for any loss, cost or damage suffered or incurred by reliance on the sufficiency or completeness of the information, opinions or beliefs contained forthwith. Research, evaluation and analysis of the business, data and property are encouraged before making financial investments. Any estimates, projections or opinions contained herein may involve subjective judgement, analysis and interpretation, and satisfaction of ones own decisions should be undertaken.

This report may contain forward-looking statements. Any such forward-looking statements reflect management's current beliefs based on information currently available to management and are based on what management believes to be reasonable assumptions. A number of factors could cause actual results, or expectations to differ materially from the results expressed or implied in the forward-looking statements.

Information of a scientific or technical nature has been prepared with the approval of Andrew Vigar. Mr Vigar has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify him as "competent persons" as defined in the 2012 edition of the "Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves". The technical material is generated and prepared by Bridgette Humphries, the company's Senior Geologist, who also has 5 years hands-on experience in the Krucible tenements and resources and is in the process of becoming our competent person. Information of a corporate, industrial or financial nature in this report has been prepared by Allan Branch the company's Managing Director and CEO. For further information please refer to reports and releases to the Australian Stock Exchange together with the Company's website at www.kruciblemetals.com.au.



KRUCIBLE METALS SHORT HISTORY



Listed in 2007 on ASX:KR, head office in Townsville, Queensland, Australia

Share price AUD\$0.066, market cap AU\$6.6m, 80m shares, 20m options



Junior Explorer with tenements mostly in western Queensland

Indications of base and precious metals 2008



Discovered phosphate in 2009 (Korella)

Discovered rare earth metals in 2010 (Korella)



Discovered more rare earths in 2011 (Coorabulka, Yttro)

Applied for first mining lease in 2011, granted in 2012



Initiated low cost rare earth processing R&D in 2012

Sold phosphate assets in 2013, cash reserves \$12m



Initiated rare earths pricing analysis in 2013

REE anomalism widened at Coorabulka and Valroy in May 2014



Commercializing rare earth assets in 2014

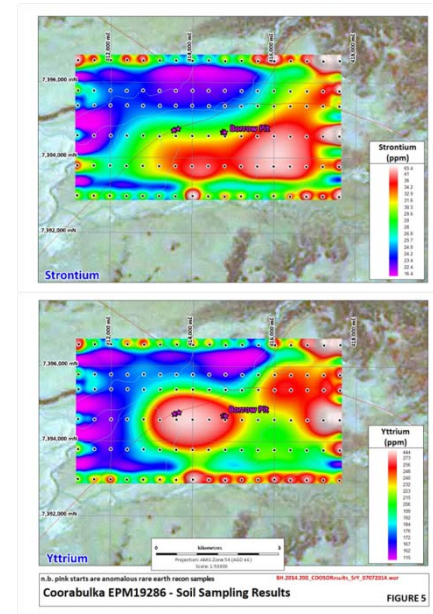
Continuing several low cost processing initiatives, 2014



KRUCIBLE METALS RARE EARTH DISCOVERIES

Krucible has made a number of Heavy Rare Earth Element (HREE) discoveries in Queensland, Australia:

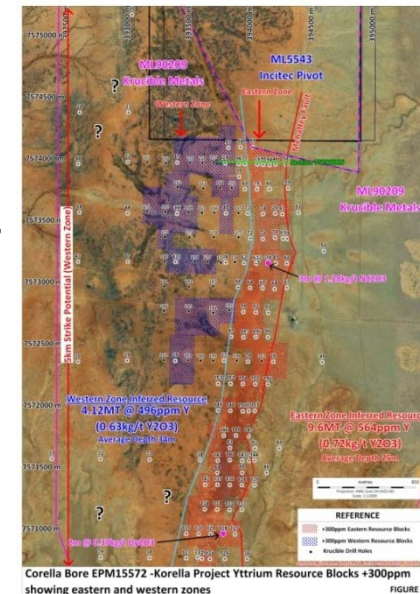
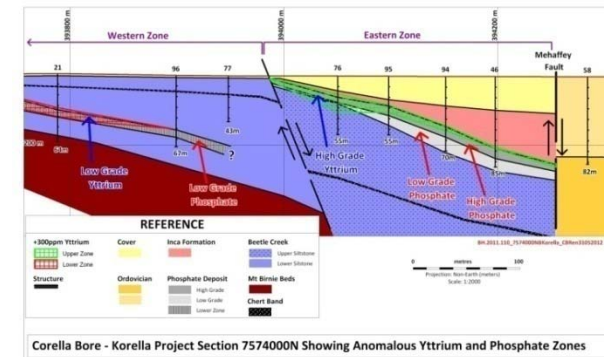
1. At the Korella Phosphate deposit Krucible has defined a JORC Code Inferred Resource of 7.03 million tonnes @ 0.93 kilograms per tonne Y_2O_3 (yttrium oxide) at shallow depth (average 30m). (ASX: 5 April 2011)
2. Exploration nearby at Yttro has discovered HREE in both Cambrian and Proterozoic aged units up to (in kilograms per tonne) 1.96 yttrium oxide, 2.22 neodymium oxide, 0.66 praseodymium oxide and 0.95 Scandium oxide. (ASX: Annual Report 2012)
3. Krucible has discovered further HREEs at Coorabulka, 300 km SSE of Mt Isa. Sampling has returned values up to (kilograms per tonne) 3.16 yttrium oxide and 0.62 dysprosium oxide, plus 4.49 neodymium oxide, 1.07 praseodymium oxide over a wide area. Interestingly 0.1% lead and 9.47% strontium were also recorded from this site. (ASX: 13 November 2012)
4. Exploration in 2014 extended the rare earths anomalism at Coorabulka and Valroy. (ASX: 6 June, 31 July 2014)



KRUCIBLE'S KORELLA DEPOSIT

Korella is a JORC Inferred HREE resources in Australia in an uncomplicated mining scenario:

1. All necessary infrastructure: road, rail, airport, work camp, gas, electricity
2. Shallow sedimentary easily recovered in low cost open pit
3. Preliminary pit design completed and prefeasibility study completed
4. Metallurgy identified xenotime mineral known to be easier to concentrate than other REE minerals such as monazite
5. Anomalous grades of valuable HREE such as dysprosium (Dy) up to 2m @ 294ppm from 19m (09CBRC-128) and neodymium (Nd) up to 1m @ 831ppm from 13m (11CBRC 161) have also been intersected in drilling at Korella. (ASX: Annual Report 30 October 2012)
6. Krucible sold this tenement in 2013 and retains first right of refusal to a joint venture for rare earth mining



KRUCIBLE'S COORABULKA DEPOSIT

Coorabulka EPM19286

Lies to the south of Boulia where Krucible has located strong REE values. Discovered in a 'borrow pit' dug by the council.

Krucible has since discovered further enrichment over 1km west of this pit.

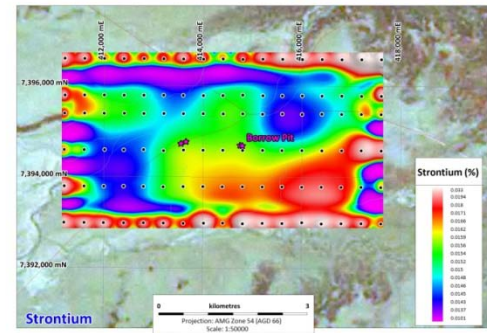
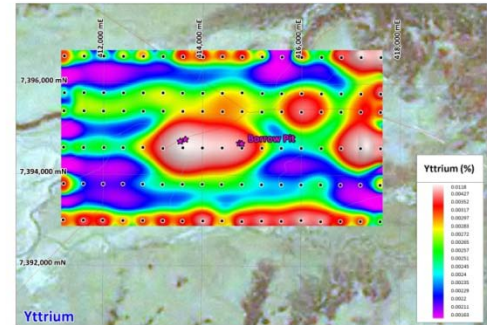
The most anomalous values include:

- 3.16 kg/t yttrium oxide (Y_2O_3)
- 0.62 kg/t dysprosium oxide (Dy_2O_3)
- 4.49 kg/t neodymium oxide (Nd_2O_3)
- 1.08 kg/t praseodymium oxide (Pr_2O_3)

The area is also anomalous in other elements including:

- 1050ppm lead
 - 9.47% strontium
- (Strontium is used in aluminium alloys)

Bench-top low-cost metallurgical leaching research underway and alternative low cost technologies under evaluation



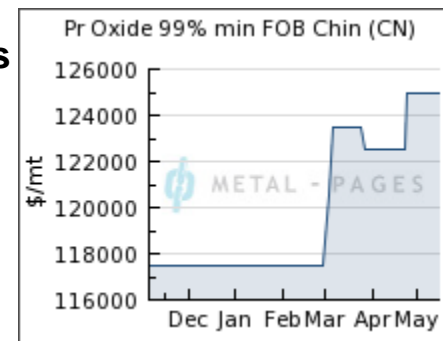
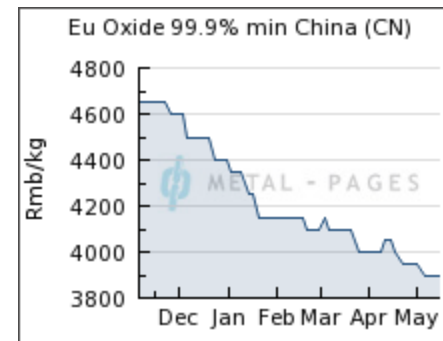
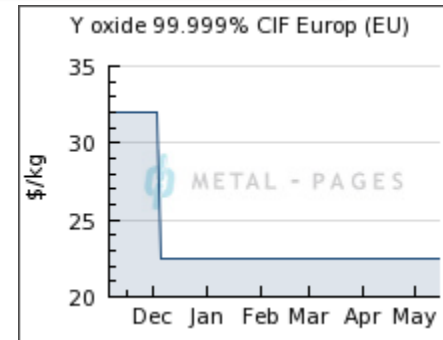
n.b. pink stars are anomalous rare earth recon samples
Coorabulka EPM19286 - Soil Sampling XRF Results
FIGURE 2



THE RARE EARTHS INDUSTRY DYNAMICS ARE AN ENIGMA

1. Everyone knows and trusts that rare earths are critical commodities
2. We all know that life as we know it in the technology sector would cease to exist without them
3. Their crucial need in magnets, alloys, LCD's, lasers, transport, alternative energy, defence, space, communications, and so on, is indisputable
4. It is common knowledge that the majority of rare earth mining and processing is based in China
5. We know that China controls its exports and has even refused to supply the key user, Japan
6. We know that China tries to control prices because this is important to its economy
7. And still prices fall defying all supply and demand rules
8. In 2013 and 2014, the strangeness continued

"Now domestic REE volume demand in China itself has remained strong (although prices remain depressed) given that the country today is also a key player in REE using intermediate industries, besides producing 85 percent of the world's REE supply and holding around half the world's known reserves of same." Saurav Jha, The Diplomat, April 29, 2014



KRUCIBLE METALS RARE EARTHS STRATEGY

Krucible had to **decide** whether to stay with the rare earths we had discovered or to pass on it.

It all depended on what the rare earths **prices were likely** to do.

Because the rare earths prices did not make sense, Krucible undertook a “**back to basics**” approach to reassessing the dynamics of the rare earths **prices**, with surprising results

Krucible embarked in advance with research on low cost **processing technology**, with the aim of ensuring profits at current low rare earth prices

Korella, which was Krucible’s first rare earth resource and which sits on **existing infrastructure** has a preliminary mine plan, a trial mining licence and is inexpensive and ready to mine.

Krucible has **expanded its exploration** program at its other rare earth tenement at Coorabulka and Valroy

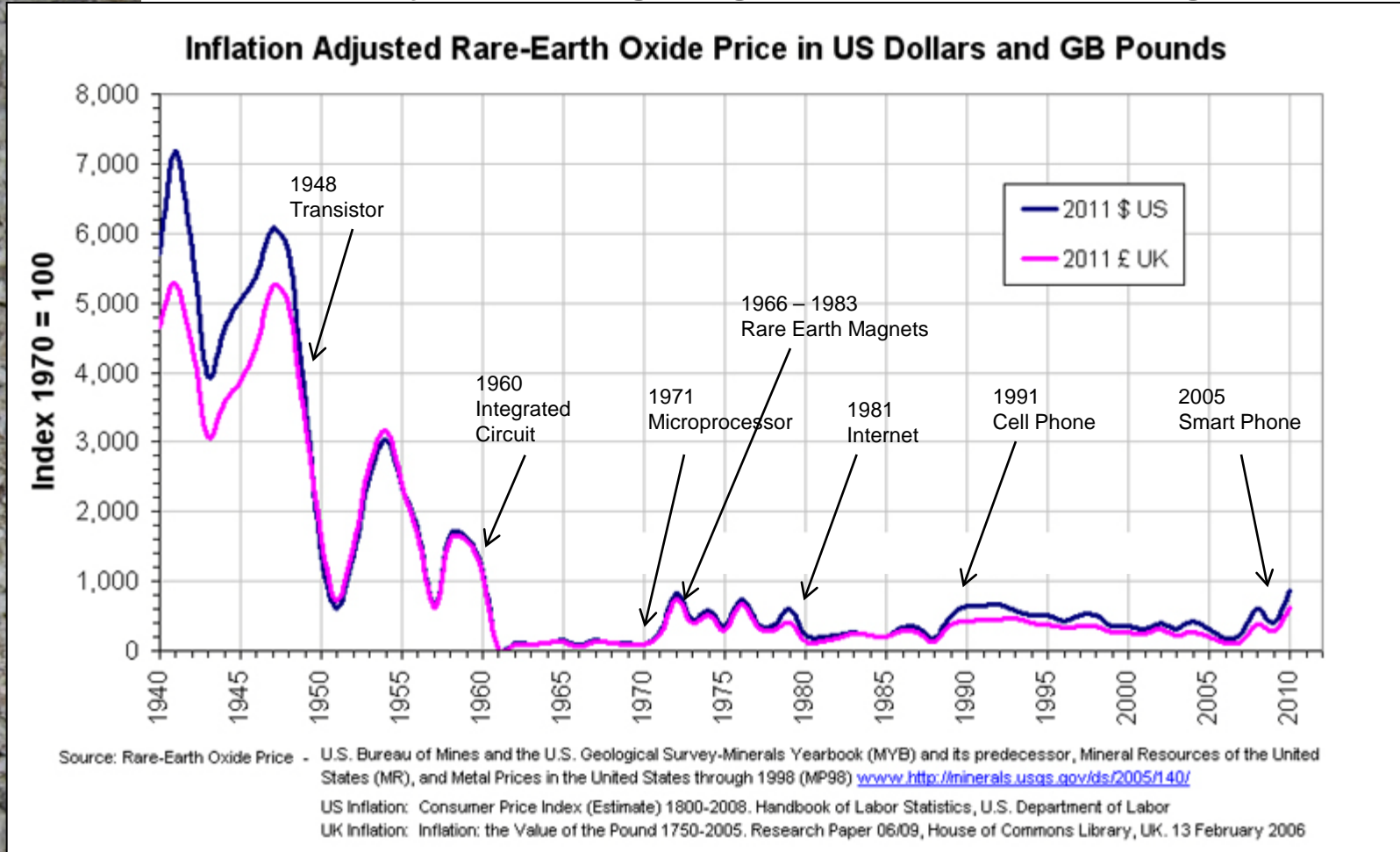
Each of these components is incorporated into a package to attract a **joint venture partner** or other relationship

Krucible intends to emerge as one of the first **profitable** rare earth producers in Australia



HISTORICAL RARE EARTHS PRICES

We started by examining long term historical pricing data

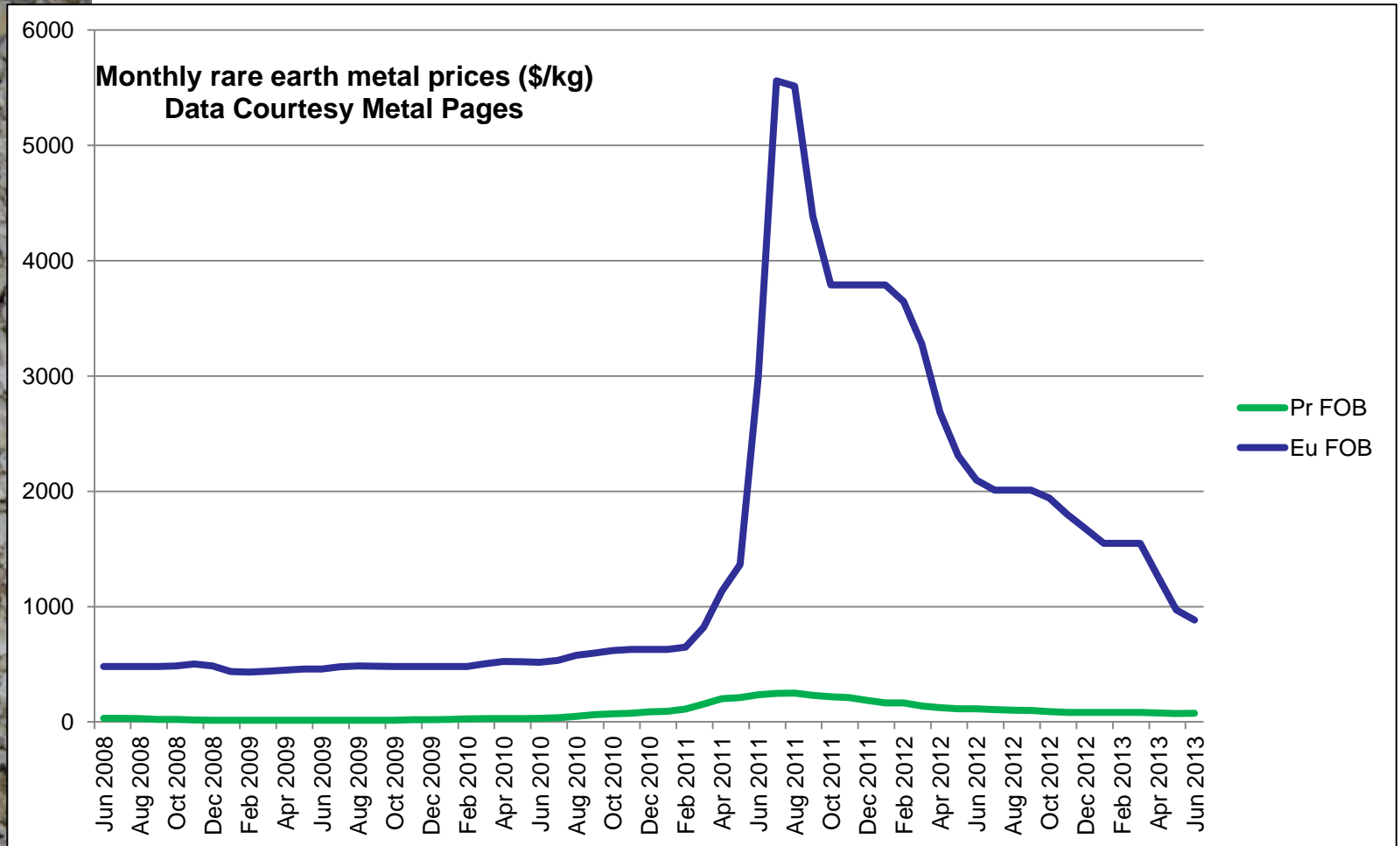


Since the beginning of solid state electronic consumer products, rare earth prices have always been modest



RECENT RARE EARTH PRICES

Then we looked at the high prices phenomenon of 2011



Which in early 2013 everyone expected or hoped to be resumed, but which was clearly an aberration

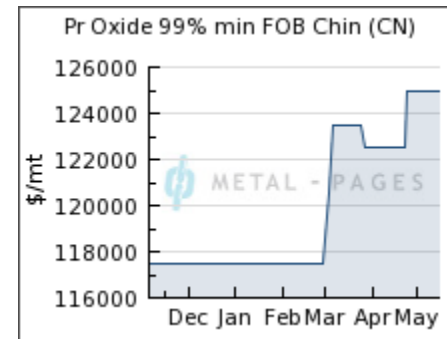
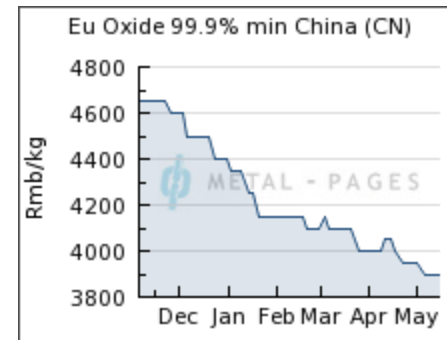
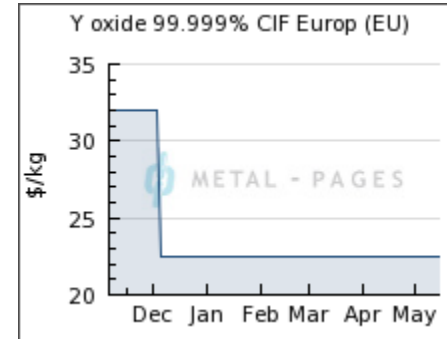


WHAT KRUCIBLE DISCOVERED WAS SURPRISING

1. Japan is the major user of rare earths, at around 90% of the demand, and China is the main supplier, at around 95% of the global production, so for all intents and purposes that is the market
2. In other words, although rare earths are critical, they go mostly into Japan where they contribute to cheap consumer products,
3. Instead of paying a high price for the raw ingredients, manufacturers will resort to alternative solutions such as different suppliers or different components

“Japan signed an agreement to import 4,100 tons of rare earths a year from India to diversify supply from China for mobile phones and hybrid cars to missile guidance systems”

“GM and Toyota Motor Corp have found a way to make electric cars without rare earths, while Renault has started producing cars with electric motors that do not need permanent magnets”



RARE EARTH PRICES SUPPLY AND DEMAND ANALYSIS

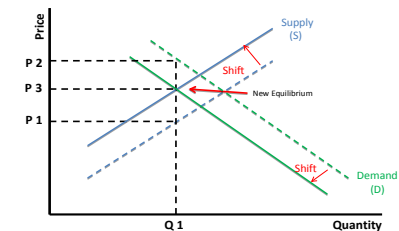
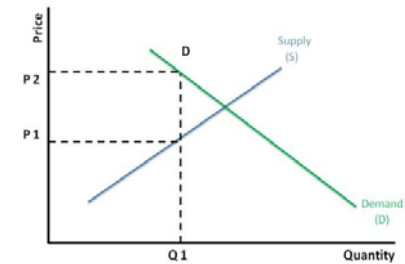
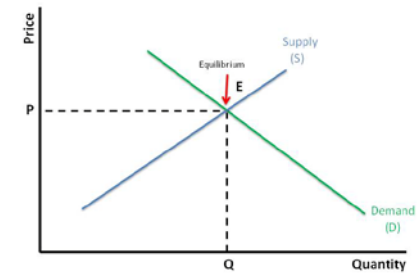
Krucible needed to test this hypothesis.

A hypothetical perfect market is shown in the top chart. In February 2013 Krucible examined the rare earths market and analysed the supply and demand dynamics with three fundamental findings:

1. Krucible showed that the rare earths exist in what is an elastic market where the market prices for rare earths are set by the nature of the commodities they are used in
2. Krucible also showed that rare earth market prices will be controlled by users replacing suppliers or the raw materials when and if prices rise too far
3. Krucible also illustrated the evidence that after the 2011 price hikes, this is exactly what the manufacturers have been doing, albeit with the inevitable lag

The net result is pressure holding prices down

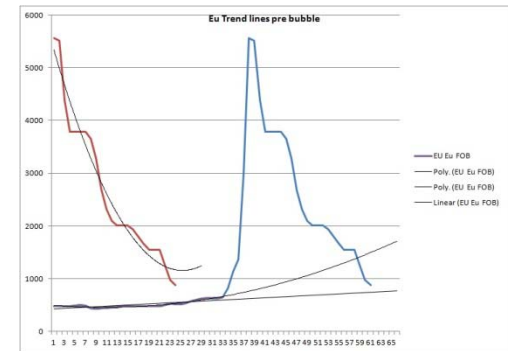
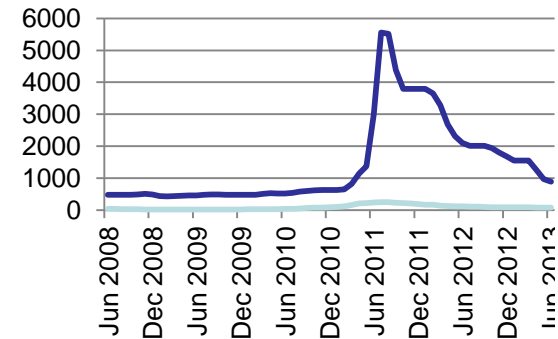
See *Krucible Metal's website and ASX announcement 27 Feb 2013.*



RARE EARTH PRICES TREND ANALYSIS

In June 2013, Krucible went further and researched and analysed the recent trends of the rare earths market with three fundamental findings:

1. Krucible showed that the rare earths prices around 2011 were an anomaly, a bubble that collapsed quickly and at prices that will return to pre-bubble levels
2. Krucible also showed that rare earth prices have dropped to below or about where they should be now, so current prices or slightly better should be treated as stable
3. Krucible was able to extrapolate and determine that for some rare earth commodities the prices will naturally double in price over a 4 year growth cycle



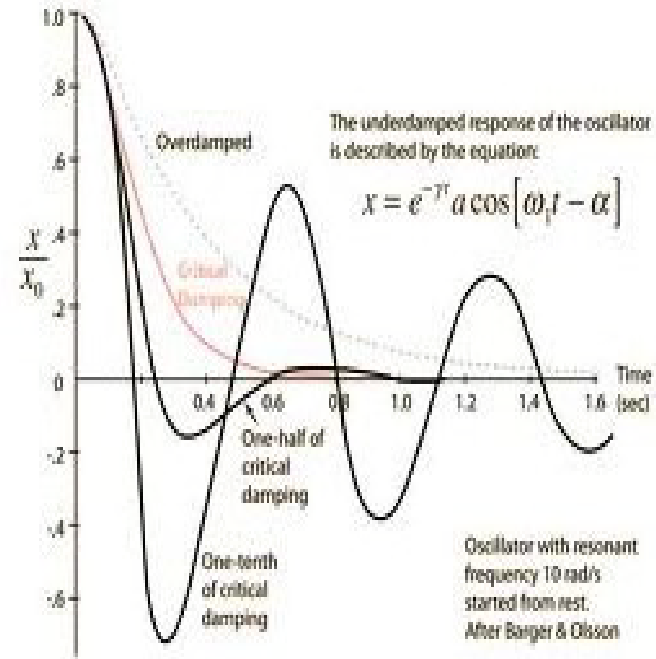
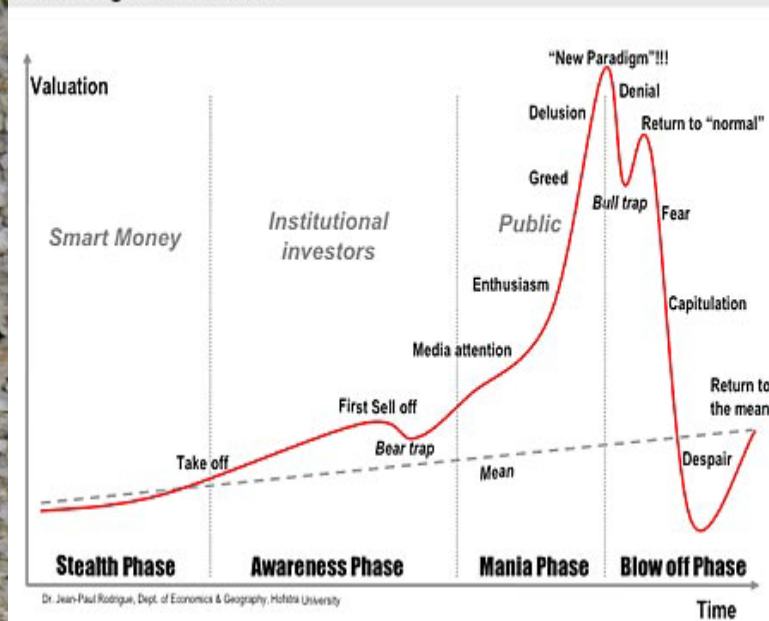
See Krucible website presentation Aug 2013, and Investorintel.com 7 June, 9 June, 15 July 2013.

Monthly rare earth metal prices (\$/kg). Data Courtesy Metals- Pages



RARE EARTH PRICE BUBBLE

Main Stages in a Bubble

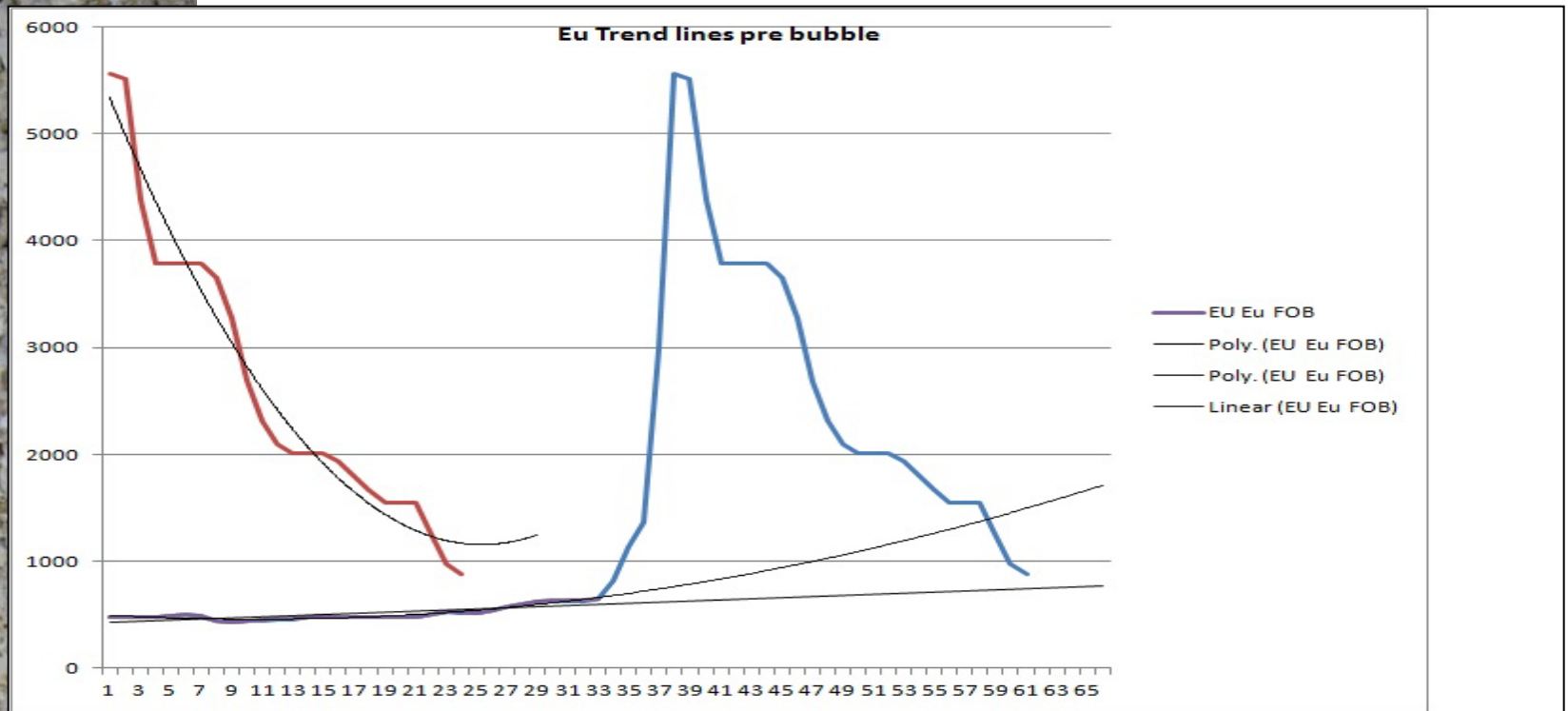


“It is interesting to compare the half-critical damped curve ... with the recovery stage (return to the mean) of the generic economic bubble curve ... which suggests that the recovery from a bubble can be modelled approximately by a damped oscillation. “

<http://investorintel.com/rare-earth-intel/rare-earth-prices-will-do-exactly-this/#sthash.JHZFJN4a.dpuf>



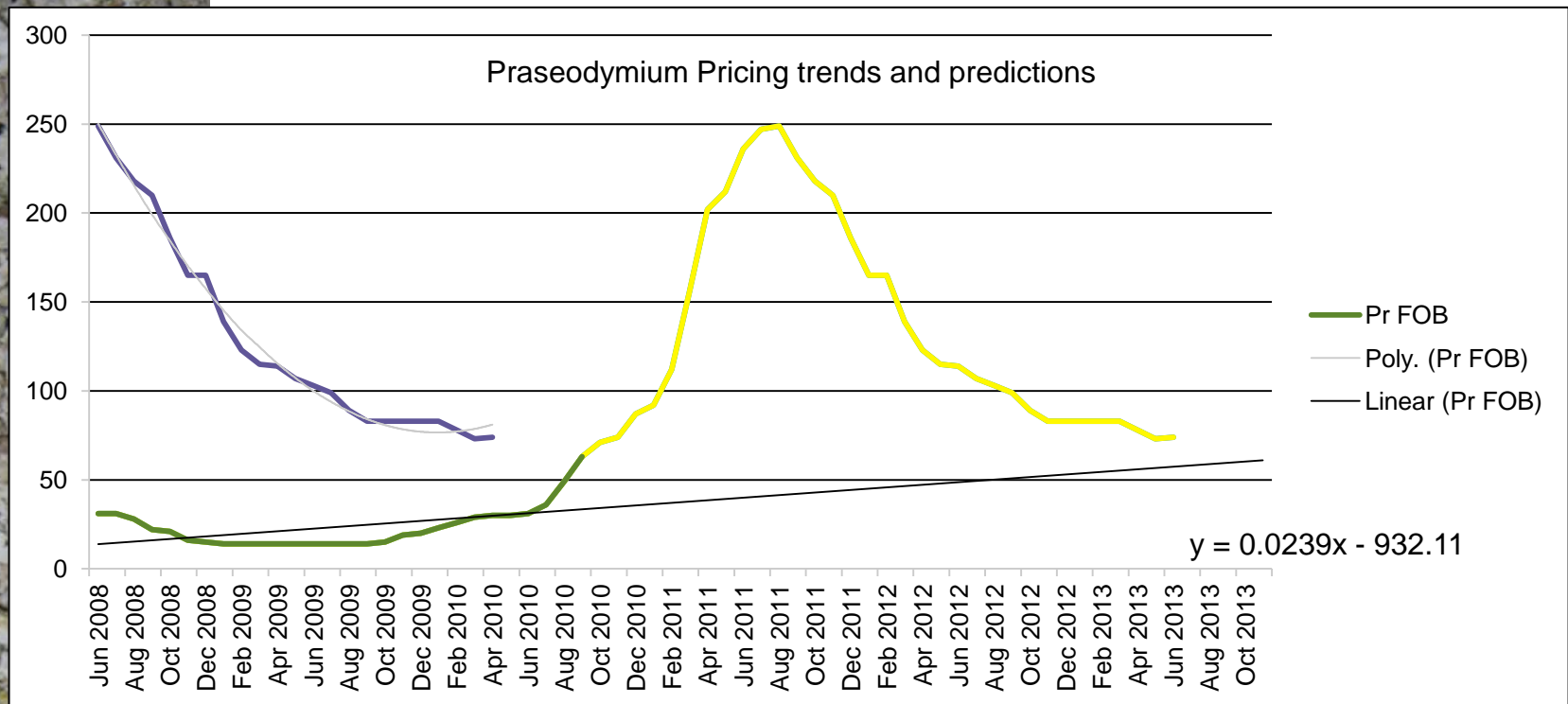
RARE EARTH PRICE PREDICTIONS, EUROPIUM



“Europium, a HREE, has dropped below its real value and will settle back to between \$1,200 and \$2,000 per kg by around 8 months ... “ <http://investorintel.com>



RARE EARTH PRICE PREDICTIONS, PRASEODYMIUM



“Praseodymium, a LREE, has settled already at \$74 per kg, and will double in price every 4 years...”

<http://investorintel.com>



THE RARE EARTHS PRICE PREDICTIONS: SO FAR?

“Europium, a HREE, has dropped below its real value and will settle back to between \$1,200 and \$2,000 per kg by around 8 months while praseodymium, a LREE, has settled already at \$74 per kg, and will double in price every 4 years.”

Allan Branch June 2013

<http://investorintel.com>



KRUCIBLE RARE EARTHS SUMMARY

Rare earths are a commodity in a flexible supply and demand market that defies price manipulation and generates market forces opposed to price control.

Those attempting to control or manipulate prices create their own competition and lose market share.



Krucible Metals Ltd



Thank You